

Message Text

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ACTION PM-05

INFO OCT-01 NEA-10 ISO-00 NSC-05 SP-02 SS-15 L-03
CIAE-00 INR-07 NSAE-00 H-01 AID-05 IGA-02 MCE-00
ACDA-12 OMB-01 TRSE-00 EB-08 COME-00 /077 W
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R 231259Z JAN 78
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 6576
SECDEF WASHDC
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C O N F I D E N T I A L SECTION 1 OF 2 TEHRAN 0834

E.O. 11652: GDS
TAGS: MASS IR
SUBJ: MAJOR ARMS SALES PROMOTIONAL ACTIVITIES -- A FINE
LINE BUT THE INTENT SEEMS CLEAR

1. JAMES ATKINS, PRESIDENT OF BELL-TEXTRON (THE PARENT COMPANY OF BHI THE CONTRACTOR FOR THE IIAA HELICOPTER PROGRAM), IS WINDING UP ONE OF HIS PERIODIC VISITS (ABOUT FOUR TIMES A YEAR) TO IRAN. ATKINS MET WITH THE AMBASSADOR JANUARY 19 TO INFORM US ABOUT JANUARY 18 AUDIENCE ATKINS HAD WITH SHAH. ATKINS HAS ALSO DISCUSSED AUDIENCE WITH CARMISH AND KEY ARMISH/MAAG PERSONNEL WORKING ON HELICOPTER PROGRAM.

2. ATKINS TOLD AMBASSADOR THAT SHAH WISHED TO HAVE HIM REVIEW STATUS OF IIAA HELICOPTER PROGRAM. AFTER ATKINS HAD DONE THIS THERE WAS SOME DISCUSSION OF FUTURE IRANIAN HELICOPTER FORCE, PARTICULARLY AS RELATED TO HIGH/HOT REQUIREMENTS OF IRANIAN ENVIRONMENT. ATKINS CLAIMED SHAH ASKED ABOUT POSSIBILITY OF IMPROVING IRANIAN ATTACK HELICOPTERS (SPECIFICALLY THE AH-1J COBRA) TO PROVIDE BETTER PERFORMANCE IN HIGH ALTITUDES AND HIGH HEAT CONDITIONS PREVAILING
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IN IRAN. ATKINS SAYS HE TOLD SHAH THAT BELL WAS PREPARED TO LOOK INTO WHAT ATKINS INITIALLY TERMED IN SESSION WITH AMBASSADOR "PRODUCT IMPROVEMENT" OF THE COBRA TO PROVIDE BETTER PERFORMANCE TO MEET IRANIAN NEEDS. THERE WAS ALSO TALK ABOUT ANOTHER ALTERNATIVE TO MEET THE HIGH/HOT NEEDS, BUT ATKINS SAYS THAT SHAH DECIDED ON IMPROVED COBRA.

3. IN RESPONSE TO AMBASSADOR'S QUESTION, ATKINS SAID IMPROVEMENTS WOULD INCLUDE TWIN ENGINE (LIKE OR DERIVED FROM 214-ST ENGINE), THE DYNAMICS PACKAGE OF THE 214, AND A BLADE LONGER AND IMPROVED FROM THE CURRENT COBRA BLADE. ATKINS SAID THE RESULT WOULD BE FAIRLY ANALOGOUS TO THE AH-1T DEVELOPED FOR THE US MARINES. THERE WAS FURTHER DISCUSSION IN AN EFFORT TO CLARIFY MORE PRECISELY FOR THE AMBASSADOR JUST WHAT WOULD BE INVOLVED, AND ATKINS AT ONE POINT STATED THAT A NEW HELICOPTER WOULD HAVE TO BE DESIGNED AND DEVELOPED. IT IS CLEAR FROM THE SUM OF THE COMMENTS MADE THAT THE "PRODUCT IMPROVED" COBRA THAT BELL CONTEMPLATES WOULD, INDEED, BE A NEW MCAHINE. COMMENT: THIS WOULD SEEM CONTRARY TO PROVISION OF PRESIDENT'S MAY 19, 1977 RESTRAINT POLICY THAT "DEVELOPMENT OR SIGNIFICANT MODIFICATION OF ADVANCED WEAPONS SYSTEMS SOLELY FOR EXPORT WILL NOT BE PERMITTED." END COMMENT.

4. ATKINS WAS ASKED IF THERE HAD BEEN ANY DISCUSSION OF NUMBERS WITH THE SHAH, AND REPLIED THERE HAD NOT BEEN. HE WAS ASKED ABOUT TIMING AND SAID THAT THERE WAS SOME INDICATION ON THE IRANIAN SIDE OF WANTING TO BEGIN RECEIVING THE CONFIDENTIAL

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IMPROVED "COBRA" BY END OF 1981. IN ORDER TO MEET THAT SCHEDULE ATKINS SAID IT WOULD BE NECESSARY FOR BELL TO GET STARTED VERY SOON. IT WAS SUGGESTED TO ATKINS THAT APPROVAL FOR SUCH A NEW PROGRAM MIGHT BE DIFFICULT IN VIEW OF THE PRESIDENT'S RESTRAINT POLICY. ALSO, ATKINS WAS TOLD THAT WE ARE PREPARING TO PROVIDE CONGRESS A RUNDOWN ON LONG-TERM IRANIAN PROCUREMENT PROJECTIONS. THE IRANIANS HAVE TOLD US THE SCOPE PACKAGE REPRESENTED A COMPLETE LIST OF THINGS IN WHICH THEY ARE INTERESTED; INDEED, THE REQUIREMENT, WHICH AROSE IN DISCUSSIONS BETWEEN THE PRESIDENT AND THE SHAH IN NOVEMBER, WAS TO INCLUDE EVERYTHING. ATKINS WAS ALSO ASKED ABOUT THE NEW ITAR REQUIREMENTS, SINCE HIS DISCUSSIONS WITH THE IRANIANS SEEMED TO US TO REQUIRE MUNITIONS CONTROL APPROVAL; HE SAID THERE WAS NO PROBLEM, AND BELL WAS MEETING ALL THE REQUIREMENTS.

5. IN SUBSEQUENT DISCUSSION WITH CARMISH AND ARMISH STAFF THE ITAR POINT WAS RAISED AGAIN, AND ATKINS SAID AGIN THAT BELL WAS MEETING ALL THE REQUIREMENTS. ATKINS WAS ASKED WHAT HE MAY HAVE

SHOWN THE SHAH, AND HE PRODUCED A BOOK OF FLIP CHARTS WHICH INCLUDED COMPARATIVE PERFORMANCE CHARACTERISTICS, TIMING PROJECTIONS AND OTHER SPECIFIC INFORMATION.

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C O N F I D E N T I A L SECTION 2 OF 2 TEHRAN 0834

6. FROM FOREGOING, IT APPEARS THAT BELL HAS CONTRAVENED AT LEAST THE SPIRIT AND INTENT OF ITAR SECTION 123.16 "APPROVAL OF PROPOSALS TO SELL SIGNIFICANT COMBAT EQUIPMENT" WHICH WENT INTO FORCE SEPTEMBER 1. ADDITIONALLY, IT APPEARS THAT CASE EXISTS FOR CONCLUDING THAT BELL CTIVITY DESCRIBED ABOVE CONTRAVENES LETTER OF NEW SECTION 123.16. ATKINS DISCUSSION WITH SHAH, WHICH BY ATKINS ADMISSION COVERED PERFORMANCE CHARACTERISTICS AND PROBABLE AVAILABILITY FOR DELIVERY (ALTHOUGH PERHAPS NOT PRICE), WAS "DESIGNED TO CONSTITUTE A BASIS FOR A DECISION TO PURCHASE" AS DEFINED IN SECTION 123.16(B)-- WHICH, INDEED, AS ATKINS DESCRIBES DISCUSSION, IS PRECISELY WHAT SHAH DECIDED.

7. ATKINS TOLD ARMISH/MAAG THAT USG APPRISED OF COBRA "PRODUCT IMPROVEMENT" IDEA AS A RESULT OF BRIEFING GIVEN BY BELL (WITH USG ATTENDEES) TO MGEN KHOSROWDAD. WHILE KHOSROWDAD WAS IN THE US ABOUT A MONTH AGO. ATKINS ALSO STATED THAT BELL HAD CHECKED WITH MUNITIONS CONTROL, AND THAT BELL LAWYERS WERE SATISFIED REQUIRMENTS BEING MET.

8. WE WOULD LIKE WASHINGTON JUDGMENT ABOUT THIS
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BELL ACTIVITY, BOTH WITH RESPECT TO ITAR REQUIREMENTS AND WITH
RESPECT TO ELIGIBILITY OF NEW HELICOPTER FOR EXPORT SALES.

PLEASE ADVISE.

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